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First priority in the distribution of finances is given to administrations working on important economic problems of the country. Later priority is given to administrations working on secondary problems of the government, for example, living conditions of the population, public housing, etc.

5. Financing scientific-research work according to the state budget is provided for as follows:
  - (a). Expenditures for salaries of scientific workers in scientific-research establishments and other salaries.
  - (b). Expenditures for buildings, accommodations, transportation, stock and minor administrative improvement expenditures.
  - (c). Expenditures for equipping and improving laboratories, stations, workshops, etc.
  - (d). Expenditures for emergency jobs, materials, equipment, etc.
  - (e). Other expenditures.
6. However, the appropriations for scientific-research work, according to the state budget, are not uniform. The largest expenditures in all the ministries come under the item "rationalization and invention." These expenditures exceed the appropriations specified by the state budget and are covered at the expense of "special production expenditures," so called exploitation expenditures related to production costs. Formally the expenditures under the item "rationalization and invention" were supposed to be covered by the economic effects of the application of those inventions and improvements. The activities of the Scientific-Engineering-Technical Societies are financed to a great degree in a similar manner.
7. In considering the method of financing military scientific-research work, it is necessary to remember that in the Soviet Union military scientific-research work is not isolated from general scientific-research and the latter is at the disposal of the military. A decree was passed by the Presidium of the All-Union Soviet of the USSR on 9 Jun 47 "concerning the responsibility of publishing government secrets and the loss of documents which are a part of government secrets." One section of the decree forbids the revelation of information concerning inventions, technical improvements, research and experimental work in all fields of science and techniques which are of non-military character until it is authorized for publication. Violators of this decree are subject to confinement in a labor camp for a period of 15 years and even possible execution. It is fully understood that all developments which are made, let us say those in the dairy industry, although having little application for military purposes, could be used for military purposes and must be kept secret.
8. Thus military scientific-research work is financed simultaneously from two sources:
  - (a) At the expense of special appropriations for military scientific-research work under the item in the state budget "appropriations for the defense of the country." For example, in Leningrad there is the Central Scientific-Research Institute of Ship Officers which belongs to the Navy (TsNIIVK VMC). The activities of this institute are financed by the Ministry of Defense of the USSR.

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- (b) Appropriations for scientific-research work conducted by other scientific establishments are not received through the Ministry of Defense. In a given case, all scientific problems, inventions, and improvements, even if only indirectly related to military purposes, are at the disposal of the Ministry of Defense of the USSR. For example, a new method for the construction of a spark arrester for oil tankers' funnels was developed in 1950 at the Central Scientific-Research Institute of the Merchant Fleet. All data concerning it was transferred to the higher Naval ministry. This device was put into use on merchant ships only after permission was received from the Naval ministry.

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